Department of Company Affairs has launched prosecution against RIL, its officers in default, including Reliance Consultancy Services Limited (RCS) in the competent Court of Law on 12.7.1996 for contravention of sections 108 (1) and 113 (1) of the Companies Act, 1956. Accordingly, the matter is sub-judice. The Department of Revenue has also made demands on some companies belonging to Reliance Group due to the assessment of business income arising out of the deals relating to switching of shares.

Statement

Some of the main findings as contained in the Inspection Reports of SEBI

(i) The number of shares of Reliance Industries Limited (RIL) switched is estimated at 69.9 lakhs. Reliance Consultancy Services Limited (RCS) had resorted to switching of shares during March—October, 1992.

(ii) There is involvement of trade associates of RIL in switching of shares.

(iii) There were significant delays between the stated date of transfer by RCS of RIL shares and the date of despatch by RCS of the transferred shares to Stock Holding Corporation of India Limited (SHCIL).

(iv) There were inordinate delays in every stage of processing of shares by SHCIL from the date of receipt of these shares from the brokers, their lodgment with RCS and their processing after receipt from RCS.

(v) The switching of shares is not in accordance with the provisions of Section 108 (1) of the Companies Act, 1956.

(vi) RIL by not transferring shares within two months of their receipt has violated the provisions of Section 113 of the Companies Act, 1956.

Allegations Against Staff Members of SEBI

1559. SHRI ASHOK MITRA: Will the Minister of FINANCE be pleased to state:

(a) the number and nature of allegations accusing members of the staff of the Securities and Exchange Board of India (SEBI) of collusion with outside parties till March 31, 1996;

(b) whether these allegations have been enquired into by any independent authority; and

(c) whether Government intend to make a general appraisal of the performance of the SEBI between the date of its establishment and now?

THE MINISTER OF FINANCE AND THE MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM): (a) and (b) SEBI has reported that untill March 31, 1996 there has been one case of allegation of collusion of some SEBI officials with outside parties in the case relating to the composite issue of M/s. M.S. Shoes East Ltd. The allegation is being investigated by CBI.

(c) At present, there is no proposal to appraise the performance of SEBI.

Introduction of Acupuncture System in Government Hospitals

1560. SHRI SURESH PACHOURI: Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether Government have introduced the acupuncture system of treatment in various Government hospitals in the country including those of Madhya Pradesh;

(b) if so, the details thereof;

(c) what are the advantages and disadvantages of acupuncture system of treatment;

(d) whether Government propose to expand this system in Government hospitals throughout the country; and